

AMENDED IN ASSEMBLY SEPTEMBER 13, 2001

CALIFORNIA LEGISLATURE—2001–02 SECOND EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 87

Introduced by Assembly Member Pescetti

September 6, 2001

An act to add Section 454.5 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 87, as amended, Pescetti. Rates: water corporations.

Existing

(1) *Existing* law prohibits a public utility from changing any rate, except upon a showing before the Public Utilities Commission and a finding by the commission that the new rate is justified. Existing law provides that whenever any water corporation, or other public utility, files an application to change any rate, other than a change reflecting and passing through to customers only new costs to the corporation that do not result in changes in revenue allocation, the corporation must furnish to its customers notice of its application to the commission for approval of the new rate. Existing law provides that whenever the commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, the commission must require, as a condition of the order, that the public utility establish and maintain a reserve account reflecting the balance between the related costs and revenues for the purposes of a subsequent rate adjustment.

This bill would require the commission to ~~find to be reasonable the passing through of electricity cost increases incurred by a water corporation in servicing its customers. The bill would require the~~

~~commission to authorize and approve a water corporation's request to pass through electricity cost increases incurred by the corporation in serving its customers within 30 days from the date of the request. The bill would require the water corporation to account for the passing through of electricity cost increases in a balancing account and to refund any overcollections, with interest, as required by the commission~~ *allow a water corporation to file advice letters for the recovery of actual electricity costs incurred by the water corporation. The bill would provide that the advice letters will become effective and deemed approved 30 days after they have been filed and received by the commission. The bill would provide that these provisions will become inoperative on the date that a commission decision in a proceeding, subject to full evidentiary review, regarding appropriate terms and procedures for the timely cost recovery going forward for water corporations becomes final.* Because a violation of an order or decision of the commission is a crime under the Public Utilities Act, the bill would impose a state-mandated local program by expanding the definition of a crime.

The

(2) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 454.5 is added to the Public Utilities
 2 Code, to read:
 3 ~~454.5. (a) The commission shall find to be reasonable the~~
 4 ~~passing through of electricity cost increases incurred by a water~~
 5 ~~corporation in servicing its customers. The commission shall~~
 6 ~~authorize and approve a water corporation's request to pass~~
 7 ~~through electricity cost increases incurred by the corporation in~~
 8 ~~servicing its customers within 30 days from the date of the request.~~
 9 *454.5. (a) The commission shall allow a water corporation to*
 10 *file advice letters for the recovery of actual electricity costs*

1 *incurred by the water corporation. The advice letters shall become*
2 *effective and be deemed approved 30 days after they have been*
3 *filed and received by the commission, subject to refund of any*
4 *amount of the rate subsequently found by the commission to be in*
5 *excess of actual costs. On the date that a commission decision in*
6 *a proceeding, subject to full evidentiary review, regarding*
7 *appropriate terms and procedures for the timely cost recovery*
8 *going forward for water corporations becomes final, this*
9 *subdivision shall become inoperative.*

10 (b) A water corporation shall account for the passing through
11 of electricity cost increases in a balancing account, as provided for
12 in Section 792.5, and shall refund any overcollections, with
13 interest, as required by the commission.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

